



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

ENERGY

IN THE MATTER OF PUBLIC SERVICE ELECTRIC)	DECISION AND ORDER
AND GAS COMPANY'S 2009/2010 ANNUAL BGSS)	APPROVING STIPULATION
COMMODITY CHARGE FILING FOR ITS RESIDENTIAL)	FOR PROVISIONAL
GAS CUSTOMERS UNDER ITS PERIODIC PRICING)	BGSS RATES
MECHANISM AND FOR CHANGES IN THE TARIFF)	
FOR GAS SERVICES PURSUANT TO <u>N.J.S.A. 48:2-21</u>)	
AND <u>N.J.S.A. 48:2-21.1</u>)	BPU DOCKET NO. GR09050423

(SERVICE LIST ATTACHED)

BY THE BOARD:

In accordance with the generic Order of the Board of Public Utilities ("Board" or "BPU") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), and due primarily to projected decreases in natural gas costs to be incurred over the 2009 - 2010 Basic Gas Supply Service ("BGSS") year (October 1, 2009 through September 30, 2010), Public Service Electric and Gas Company ("Company") filed a petition with the Board on May 29, 2009 seeking to decrease its BGSS Commodity Charge rate from 99.0660 cents per therm, including Sales and Use Tax ("SUT"), to 88.7950 cents per therm (including SUT), thereby decreasing the Company's BGSS revenues by approximately \$142.2 million (including losses and SUT). Under the Company's proposal, typical residential heating customers using 100 therms per month during the winter months and 606 therms on an annual basis would see their monthly winter bills decrease from \$148.67 to \$138.40 (\$10.27), and their annual bills from \$923.30 to \$861.10 (\$62.20).

Per the January BGSS Order, each of New Jersey's four gas distribution companies ("GDC's"), by June 1, submits to the Board its annual BGSS gas cost filing for the BGSS year beginning October 1. In addition, the January BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 and February 1, with one month's advance notice to the Board and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"). Each GDC may implement a decrease in its BGSS rates at any time, without prior Board approval after notice to the Board and Rate Counsel.

The three public hearings in this matter presided over by a Board appointed hearing officer were held in New Brunswick, Hackensack and Mt. Holly on August 25th, 26th, and 27th, 2009, respectively. No members of the public appeared. The public hearings were preceded by notices in newspapers of general circulation throughout the Company's gas service territory.

STIPULATION FOR PROVISIONAL RATES

In consideration of the additional time that is necessary to complete the review of proposed rates, the Company, Board Staff and Rate Counsel (collectively, "the Parties"), the only parties to this proceeding at this time, entered into a Stipulation for Provisional BGSS Rates, agreeing to decrease the Company's BGSS-Residential Service General ("RSG") Commodity Charge Rate from 99.0660 cents per therm (including SUT) to 88.7950 cents per therm (including SUT) on a provisional basis, representing an annual decrease of \$142.2 million in revenues (including SUT), subject to refund with interest on any net over-recovered BGSS balance upon the Board's final decision in this matter. The Company has provided updated tariff sheets reflecting the provisional rates agreed to by the Parties in the attached stipulation.

Residential customers using 100 therms a month during the winter months and 606 therms on an annual basis would see a decrease in their monthly winter bills from \$148.67 to \$138.40 or 6.91%, while residential customers using 200 therms a month during the winter months and 1,210 therms on an annual basis would see a decrease in their monthly winter bills from \$291.39 to \$270.85 or 7.05%.

Pursuant to the January BGSS Order, the proposed rates may be subject to self-implementing rate increases of up to 5% on December 1 and February 1. Also, the Company may decrease its BGSS rates at any time, without prior Board approval, after giving notice to the Board and Rate Counsel.

Further, the Parties agreed that 1) this docket should be transmitted to the Office of Administrative Law for an opportunity for full review of all issues, including the provisional rates approved by the Board; and 2) the provisional rates will be subject to refund with interest on any net over-recovered BGSS balance upon the Board's final decision in this matter.

DISCUSSION AND FINDING

The Board has carefully reviewed the record to date in this proceeding and the attached Stipulation of the Parties. The Board FINDS that, subject to the terms and conditions set forth below, the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board HEREBY ADOPTS the Stipulation as its own, as if fully set forth herein. The Board HEREBY APPROVES, on a provisional basis, subject to refund with interest on any net over-recovered BGSS balance, a decrease in the Company's BGSS-RSG Commodity Charge Rate to 88.7590 cents per therm (including SUT). This change shall become effective upon the date of this Order approving the Stipulation.

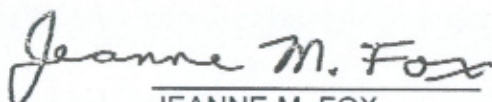
The Board HEREBY ACCEPTS the revised tariff sheets as conforming to the agreement of the Parties to be effective for service rendered on and after the date of this Order.

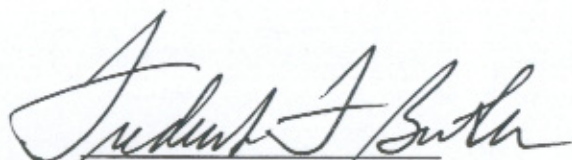
The Board HEREBY DIRECTS that this matter be transmitted to the Office of Administrative Law for review, and evidentiary hearings if necessary.

The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

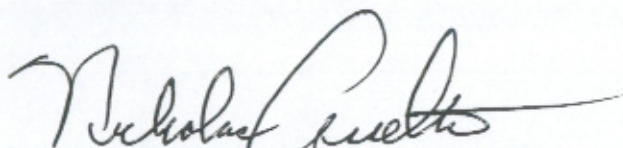
DATED: 9/16/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

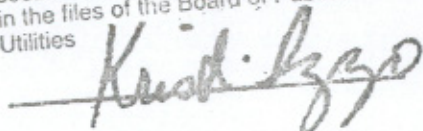

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



In The Matter of Public Service Electric and Gas Company's
2009/2010 Annual BGSS Commodity Charge Filing for its
Residential Gas Customers under its Periodic Pricing Mechanism
and for Changes in the Tariff for Gas Services
Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1
Service List
GR09060423

Jerome May Director – Division of Energy NJ Board of Public Utilities Two Gateway Center Newark, NJ 07102	Babette Tenzer, DAG Department of Law & Public Safety Division of Law 124 Halsey St., 5 th Floor P.O. Box 45029 Newark, New Jersey
Sheila Iannaccone Division of Energy NJ Board of Public Utilities Two Gateway Center Newark, NJ 07102	Alex Moreau, DAG Department of Law & Public Safety Division of Law 124 Halsey St., 5 th Floor P.O. Box 45029 Newark, New Jersey
Gregory Eisenstark, Esq. PSE & G 80 Park Plaza, T-05 Newark, NJ 07101	Henry Rich Division of Energy NJ Board of Public Utilities Two Gateway Center Newark, NJ 07102
Robert Schultheis Division of Energy N J Board of Public Utilities Two Gateway Center Newark, NJ 07102	Felicia Thomas-Friel, Esq. Dept. of the Public Advocate Division of Rate Counsel 31 Clinton St., 11 th Floor P. O. Box 46005 Newark, NJ 07101
Suzanne Patnaude, Esq. N J Board of Public Utilities Two Gateway Center Newark, NJ 07102	Sarah Steindel, Esq. Dept. of the Public Advocate Division of Rate Counsel 31 Clinton St., 11 th Floor P. O. Box 46005 Newark, NJ 07101

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE)	
ELECTRIC AND GAS COMPANY'S)	STIPULATION FOR
2009/2010 ANNUAL BGSS COMMODITY)	PROVISIONAL BGSS RATES
CHARGE FILING FOR ITS RESIDENTIAL)	
GAS CUSTOMERS UNDER ITS PERIODIC)	BPU DOCKET NO. GR09050423
PRICING MECHANISM AND FOR CHANGES)	
IN THE TARIFF FOR GAS)	
SERVICE B.P.U.N.J. NO. 14 GAS PURSUANT)	
TO <u>N.J.S.A. 48:2-21</u> AND <u>N.J.S.A. 48:2-21.1</u>)	

APPEARANCES:

Andrew Dembia, Esq., for the Petitioner, Public Service Electric and Gas Company

Sarah H. Steindel, Esq., Assistant Deputy Public Advocate, and Kurt S. Lewandowski, Esq., Assistant Deputy Public Advocate, Department of the Public Advocate, Division of Rate Counsel (Ronald K. Chen, Public Advocate, Stefanie A. Brand, Director)

Alex Moreau, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Anne Milgram, Attorney General of New Jersey)

On May 29, 2009, Public Service Electric and Gas Company ("Public Service" or "the Company") made a filing in the above-referenced matter, requesting a decrease of approximately \$132.9 million (approximately 7.0%) in its Basic Gas Supply Service for Residential Service ("BGSS") revenues (\$142.2 million including losses and Sales and Use Tax, or "SUT"), due primarily to projected decreases in natural gas costs during the 2009-2010 BGSS year (October 1, 2009 through September 30, 2010).

Residential annual bills comparing the current BGSS Commodity Charge with the as-requested provisional BGSS Commodity Charge reflect an annual decrease of approximately 6.74% for a residential heating customer using 100 therms per winter month and 606 therms annually. As filed, the BGSS-RSG Commodity charge would decrease from 99.0660 cents per therm, including SUT, to 88.7950 cents per therm including SUT or a decrease of 10.2710 cents per therm.

Notice setting forth the Company's May 29, 2009 request for a decrease in its BGSS Commodity Charge, including the date, time and place of the public hearing, was placed in newspapers having a circulation within the Company's gas service territory and was served on the county executives and clerks of all municipalities within the Company's gas service territory.

Public hearings were scheduled and conducted in New Brunswick, Hackensack, and Mt. Holly on August 25, 26, and 27, 2009, respectively. Collectively, no members of the public appeared and commented on the filing.

Public Service, Board Staff, and the Department of the Public Advocate, Division of Rate Counsel (Rate Counsel) (collectively, the "Parties") have determined that additional time is needed to complete the review of the Company's proposed BGSS rate. However, the Parties also agree that a change in the Company's BGSS rate, on a provisional basis, is reasonable at this time and HEREBY AGREE as follows:

1. The Company's BGSS default Commodity Service, Tariff rate BGSS-RSG, shall be provisionally decreased to 88.7950 cents per therm (including SUT) from the current 99.0660 cents per therm (including SUT). This BGSS rate change is on a provisional basis, subject to refund with interest on any net over-recovery, an opportunity for full review at the Office of Administrative Law, if necessary, and final approval by the Board. The residential customer impact of this decrease is as follows: MONTHLY – a residential customer using 100 therms per month during the winter months and 606 therms on an annual basis would see a decrease in the monthly bill from \$148.67 to \$138.40 or \$10.27 or approximately 6.91%. ANNUAL – a residential customer using 200 therms per month during the winter months and 1,210 therms on an annual basis would see a decrease in the annual bill from \$1,772.36 to \$1,648.10 (a decrease of \$124.26) or approximately 7.01%. The agreed-upon provisional rate would result in an annual decrease in revenues during the 2009-2010 BGSS year of approximately \$132.9 million (\$142.2 million including losses and SUT). The Company requests that the provisional change become effective as of October 1, 2009, or as soon as possible upon the issuance of a Board Order approving this Stipulation.

2. In addition, the Board, in its generic Order in Docket No. GX01050304 dated January 6, 2003, granted approval to increase BGSS Commodity Charge rates to be effective December 1 of this year and/or February 1 of next year, on a self-implementing basis, with each such increase being subject to a maximum rate increase of 5% of the

average rate based on a typical 100 therms per month average (1,200 therms annual usage) residential customer's total bill. Such rate increases shall be preconditioned upon written notice by Public Service to the BPU Staff and to Rate Counsel no later than November 1, 2009 and/or January 1, 2010 of its intention to apply a December 1 or a February 1 self-implementing rate increase respectively, and of the approximate amount of the increases based upon then current market data. Public Service is permitted to decrease its BGSS rate at any time, upon five days notice to the Board and Rate Counsel.

3. The Company has provided an updated tariff sheet (attached) reflecting the provisional rate of 88.7950 cents per therm (including SUT) for BGSS-RSG agreed to by the parties in this Stipulation.

4. The undersigned parties recommend to the Board that this matter be transmitted to the Office of Administrative Law for an opportunity for full review of all issues, including the provisional rates approved by the Board.

5. The undersigned agree that this Provisional Settlement contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. In the event any particular aspect of this Provisional Settlement is not accepted and approved by the Board, this Provisional Settlement shall be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution.

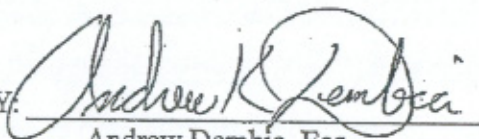
6. The undersigned parties further HEREBY AGREE that this Provisional Settlement has been made exclusively for the purpose of this proceeding and that this Provisional Settlement, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

PUBLIC SERVICE ELECTRIC AND
GAS COMPANY

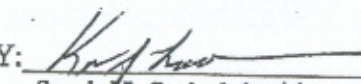
RONALD K. CHEN
PUBLIC ADVOCATE OF
NEW JERSEY

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

BY:


Andrew Dembia, Esq.

BY:


~~Sarah H. Steindel~~, *KURT S. LEWANDOWSKI*
Assistant Deputy Public Advocate

DATED:

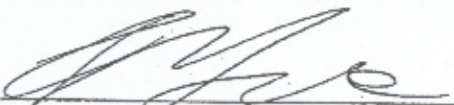
9-1-09

DATED:

9/8/09

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

BY:


Alex Moreau, DAG

DATED:

09/04/09

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 48

B.P.U.N.J. No. 14 GAS

Superseding

XXX Revised Sheet No. 48

BGSS-RSG

BASIC GAS SUPPLY SERVICE-RSG

COMMODITY CHARGES APPLICABLE TO RATE SCHEDULE RSG

(Per Therm)

Estimated Non-Gulf Coast Cost of Gas	8.5851 ¢
Estimated Gulf Coast Cost of Gas	78.4730 ¢
Adjustment to Gulf Coast Cost of Gas	0.0000 ¢
Prior period (over) or under recovery	(4.4850) ¢
Adjusted Cost of Gas	82.5731 ¢
Commodity Charge after application of losses: (Loss Factor = 0.5%)	82.9860 ¢
Commodity Charge including New Jersey Sales and Use Tax (SUT)	88.7950 ¢

The above Commodity Charge will be established on a level annualized basis immediately prior to the winter season of each year for the succeeding twelve-month period. The estimated average Non-Gulf and Gulf Coast Cost of Gas will be adjusted for any under- or over-recovery together with applicable interest thereon which may have occurred during the operation of the Company's previously approved Commodity Charge filing. Further, the Company will be permitted a limited self-implementing increase to the Commodity Charge on December 1 and February 1 of each year. These limited self-implementing increases, if applied, are to be in accordance with a Board of Public Utilities approved methodology. Commodity Charge decreases would be permitted at any time if applicable.

The difference between actual costs and Public Service's recovery of these costs shall be determined monthly. If actual costs exceed the recovery of these costs, an underrecovery or a negative balance will result. If the recovery of these costs exceeds actual costs, an overrecovery or a positive balance will result. Interest shall be applied monthly to the average monthly cumulative deferred balance, positive or negative, from the beginning to the end of the annual period. Monthly interest on negative deferred balances (underrecoveries) shall be netted against monthly interest on positive deferred balances (overrecoveries) for the annual period. A cumulative net positive interest balance at the end of the annual period is owed to customers and shall be returned to customers in the next annual period. A cumulative net negative interest balance shall be zeroed out at the end of the annual period. The sum of the calculated monthly interests shall be added to the overrecovery balance or subtracted from the underrecovery balance at the end of the annual period. The positive interest balance shall be rolled into the beginning under- or over-recovery balance of the subsequent annual period.

Date of Issue:

Effective: September 16, 2009

Issued by FRANCES I. SUNDHEIM, Vice President and Corporate Rate Counsel
80 Park Plaza, Newark, New Jersey 07102

Filed pursuant to Orders of Board of Public Utilities dated
in Docket No. GR09050423